



FEDERAL ELECTION COMMISSION
WASHINGTON, D C 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

FEB 25 2005

George Grode

Camp Hill, PA 17011

RE: MUR 5645

Dear Mr. Grode:

On January 27, 2005, the Federal Election Commission found that there is reason to believe you violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"). This finding was based on information ascertained by the Commission in the normal course of carrying out its supervisory responsibilities. See 2 U.S.C. § 437g(a)(2). The Factual and Legal Analysis, which more fully explains the Commission's finding, is attached for your information.

You may submit any factual or legal materials that you believe are relevant to the Commission's consideration of this matter. Please submit such materials to the General Counsel's Office within 15 days of your receipt of this letter. Where appropriate, statements should be submitted under oath. In the absence of additional information, the Commission may find probable cause to believe that a violation has occurred

Please note that you have a legal obligation to preserve all documents, records and materials relating to this matter until such time as you are notified that the Commission has closed its file in this matter. See 18 U.S.C. § 1519.

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Requests for extensions of time will not be routinely granted. Requests must be made in writing at least five days prior to the due date of the response and specific good cause must be demonstrated. In addition, the Office of the General Counsel ordinarily will not give extensions beyond 20 days.

If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address, and telephone number of such counsel, and authorizing such counsel to receive any notifications and other communications from the Commission.

This matter will remain confidential in accordance with 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A), unless you notify the Commission in writing that you wish the investigation to be made public.

For your information, we have enclosed a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Mark Allen, the attorney assigned to this matter, at (202) 694-1650.

Sincerely,



Michael E. Toner
Vice Chairman

Enclosures
Factual and Legal Analysis
Procedures
Designation of Counsel Form

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1 **FEDERAL ELECTION COMMISSION**

2 **FACTUAL AND LEGAL ANALYSIS**

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4
5 RESPONDENT: George Grode

MUR: 5645

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9 **I. INTRODUCTION**

10 This matter was generated by the Federal Election Commission (“Commission”) pursuant
11 to information ascertained in the normal course of carrying out its supervisory responsibilities.
12 The available information indicates that Highmark, Inc. (“Highmark”), an insurance company
13 based in Pittsburgh, Pennsylvania,¹ used corporate funds to defray costs of fundraising events for
14 Senator Rick Santorum’s authorized committees and his leadership PAC. The information
15 indicates that this activity involved George Grode, former Executive Vice President for
16 Corporate Affairs and Government Business at Highmark, and Bruce Hironimus, former Vice
17 President for Government Affairs at Highmark. Mr. Hironimus used expense reports and check
18 requests to authorize the use of corporate funds to pay the costs of the fundraising events. Mr.
19 Grode approved some of these payments during the period 1999-2002.

20 As more fully set forth below, it appears that George Grode consented to prohibited
21 corporate contributions in violation of 2 U.S.C. § 441b(a).

22

¹ Highmark is a non-profit corporation whose primary business is the provision of a variety of health insurance products throughout Pennsylvania. Highmark was created in 1996 by the consolidation of two Pennsylvania licensees of the Blue Cross and Blue Shield Association, Medical Service Association of Pennsylvania d/b/a Pennsylvania Blue Shield, and Veritus Inc. d/b/a Blue Cross of Western Pennsylvania. Highmark has a number of subsidiaries that sell a variety of insurance products nationally without using the Blue Cross Blue Shield brands. Highmark’s website describes the company as one of the largest health insurers in the United States. See <https://www.highmark.com/hmk2/about/index.shtml>

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1 **II. FACTUAL AND LEGAL ANALYSIS**

2 **A. Highmark funds used to defray Santorum fundraiser costs**

3 The available information shows Bruce Hironimus's use of corporate funds to defray the
4 costs of three fundraising events supporting Senator Rick Santorum during 1999-2002:

Committee	Event	Date	Highmark funds spent ²	Purpose
Santorum 2000	Golf tournament	5/14/99	\$15,148.79	Greens fees, carts, meals, beverages, prizes, handouts
Santorum 2000	Golf tournament	8/24/00	\$14,998.34	Greens fees, carts, meals, beverages, prizes, handouts
America's Foundation f/k/a Fight-PAC ³	Golf tournament	5/17/02	\$14,217.65	Greens fees, carts, meals, beverages, prizes, handouts

5
6 Mr. Hironimus chaired the 1999, 2000 and 2002 golf tournament fundraisers at the
7 Country Club of Hershey in Pennsylvania, where he was a member. As chair, Mr. Hironimus
8 established the tournament "Host Committees"⁴ and ran the tournaments. The information
9 indicates that 50 to 60 people typically contributed \$1,000 each to a Santorum committee to play
10 golf at these events, which were attended by the candidate.

11 The Highmark payments related to the three fundraising golf tournaments covered the
12 costs of greens fees, carts, meals, beverages and so forth at the Country Club of Hershey. The

² Each of these figures is the sum of multiple corporate payments.

³ This committee filed a Statement of Organization on September 1, 1995 under the name Fight-PAC, and an amended Statement of Organization on February 15, 2001, changing its name to America's Foundation. Public information sources identify America's Foundation as a leadership PAC of Senator Rick Santorum. See *The Almanac of Federal PACs: 2004-05*, page 622. A copy of an invitation to the America's Foundation fundraising event, from Bruce Hironimus dated March 28, 2002, describes the event as "an afternoon on the golf course in support of U.S. Senator Rick Santorum, America's Foundation Political Action Committee." The same individual, Barbara W. Bonfiglio, serves as treasurer of both America's Foundation and Santorum 2006.

⁴ The term "Host Committee" appears to refer to individuals who solicit a number of other individuals to contribute to and attend the event.

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1 payments also related to prizes and handouts such as golf clothing and equipment that were given
2 to contributors who played in the tournaments.⁵ Bruce Hironimus arranged these payments in
3 two ways. First, he used check requests to cause Highmark checks to be issued to various
4 vendors including the Country Club of Hershey. Mr. Hironimus himself had the authority to
5 approve such check requests. The check requests describe the reason for the checks as
6 "Promotional Items," "Promotional Expenses" or "Private Business."⁶ The portions of the check
7 requests relating to the 1999, 2000 and 2002 Santorum golf tournaments total \$27,699.53.
8 Second, Mr. Hironimus used expense reports to obtain reimbursement from Highmark of
9 expenses directly incurred by him such as charges made to his membership account at the
10 Country Club of Hershey. These expense reports were approved by George Grode, Mr.
11 Hironimus's supervisor at the time.⁷ Expense reports describe expenses relating to a "Legislative
12 Fundraiser," a "Political Fundraiser," and a "Sen. Santorum Event."⁸ Other expense reports
13 describe expenses relating to "Promotional Expenses" or "Promotional Items." The portions of

⁵ The information shows that Mr. Hironimus would periodically purchase significant amounts of golf-related merchandise and clothing. Sometimes these items were purchased for specific purposes, such as prizes for political or charitable fundraising events. In other instances, the items purchased were intended for several purposes. These included the Santorum golf tournaments, charity golf fundraisers sponsored by Highmark, and for use as giveaways when people would visit Mr. Hironimus's office or play golf with him.

⁶ The term "Promotional" indicates that the costs should be charged against Mr. Hironimus's budget's "Promotions" line item, "Private Business" indicates that the expense is not to be charged against Highmark's government programs. One check request contains a statement relating to a fundraising event: "Highmark sponsored event 5/19/00." This check request, however, is actually related to the August 24, 2000 Santorum golf tournament.

⁷ Mr. Grode is listed on the "Host Committee" for the 2000 golf tournament and is also included in an untitled list on Bruce Hironimus's solicitation letter for the 2002 golf tournament.

⁸ The various descriptions appear in two places on the expense reports, most of which consist of two pages. On the first page in the "Business Purpose" field or on the second page in either the "Business Purpose" field or the "Name, Title, Company of Attendees" field.

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1 the expense reports relating to the 1999, 2000 and 2002 Santorum golf tournaments total
2 \$16,665.25.⁹

3 **B. Corporate Contributions**

4 The available information shows that corporate funds were used by then-Vice President
5 Bruce Hironimus to defray the costs for fundraising events supporting Senator Rick Santorum.
6 Thus, Highmark has made corporate contributions to Santorum 2000 and Sen. Santorum's
7 leadership PAC, America's Foundation f/k/a Fight-PAC. *See* 2 U.S.C. § 441b(a). George Grode
8 may have violated section 441b(a) as a corporate officer consenting to corporate contributions.
9 Mr. Grode approved Mr. Hironimus's expense reports containing expenses that constituted some
10 of the corporate contributions and the available information indicates that Mr. Grode was aware
11 that such expenses defrayed the costs of Santorum fundraising events. Therefore, there is reason
12 to believe that George Grode violated 2 U.S.C. § 441b(a).

⁹ The available information includes several e-mail messages dating from May-June 1999 regarding the amount of documentation that Bruce Hironimus needed to provide for the expenses listed on his expense reports. The e-mail addresses indicate Highmark employees in "Finance" and other areas and Mr. Hironimus himself were involved in these communications. A message from Debra K Lehman in Finance states that "[w]e will not be requiring detail information [sic] on the promotional items." Ms Lehman explains that because Mr. Hironimus's "cost center does not get charged to any government programs ... we do not need to document in as much detail." Her message also states that Mr. Hironimus "has a unique responsibility with Highmark. It requires unusual purchases at times."

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